

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: IES UTILITIES INC.	DOCKET NOS. RFU-99-3 RFU-01-2 (RPU-90-7)
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**ORDER APPROVING REFUND PLAN FOR FORMER MANUFACTURED GAS
PLANT RECOVERIES AND ADDITIONAL AD VALOREM TAX REFUND**

(Issued March 30, 2001)

On February 21, 2001, the Utilities Board (Board) issued an order directing IES Utilities Inc. (IES) to refund insurance recoveries from former manufactured gas plant (FMGP) sites. On March 15, 2001, IES filed a refund plan to comply with the

recoveries. The return of this money to the ratepayers is part of a process that began with the issuance of the "Final Decision And Order" in Docket No. RPU-90-7 on April 30, 1991. In that order the Board authorized IES to include in rates expenses for the environmental clean-up of the FMGP sites. The Board stated that IES should return to ratepayers any insurance recoveries that IES recovered. This refund plan is consistent with that order.

On March 9, 2001, IES received an additional refund associated with the settlement of the Kansas ad valorem tax litigation at the Federal Energy Regulatory Commission. On March 19, 2001, IES filed an amendment to the refund plan. The refund totaled \$415,185, and IES calculated that Iowa customers would receive \$301,615. Initially, IES proposed to retain the sales customers portion of the ad valorem tax refund until its annual reconciliation pursuant to the provisions of 199 IAC 19.10(8). IES has now agreed to refund the money with the refunds of the FMGP recoveries.

The Board has reviewed the plan and finds that it is reasonable for IES to return the ad valorem tax refund to sales customers at the same time that it returns the FMGP refund. Return of this additional refund will provide assistance to customers who are faced with significantly higher bills for natural gas from this past winter. The addition of the ad valorem tax refund with the former manufactured gas plant recoveries will significantly reduce any administrative costs associated with the ad valorem tax refund. IES calculates the total refund from the FMGP recoveries and

the additional ad valorem tax refund to be approximately \$73.46 for residential sales customers.

IT IS THEREFORE ORDERED:

1. The refund plan for returning to customers the insurance recoveries from former manufactured gas plant sites filed by IES Utilities Inc. on March 15, 2001, is approved.

2. IES Utilities Inc. shall include the refund filed on March 9, 2001, and amended on March 19, 2001, associated with the Kansas ad valorem taxes at the same time that it refunds the former manufactured gas plant recoveries.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Judi K. Cooper
Acting Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 30th day of March, 2001.